

HB 3087 STAFF MEASURE SUMMARY

House Committee On Climate, Energy, and Environment

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Sub-Referral To: House Committee On Revenue

Meeting Dates: 3/4

WHAT THE MEASURE DOES:

The measure creates an income or corporate excise tax credit for the amount paid by an owner of an eligible generation facility for transmission services for tax years beginning on or after January 1, 2026.

Detailed summary:

Defines terms. Creates an income or corporate excise tax credit for the amount paid by an owner of an eligible generation facility for transmission services. Directs that the amount paid, for purposes of the tax credit, be calculated as the sum of amounts paid by the owner to the Bonneville Power Administration or an electric utility for up to 600 megawatts of the eligible generation facility's nameplate capacity and to other parties. Requires the Oregon Department of Revenue (DOR) to adopt rules for policies and procedures for verifying taxpayer eligibility for the credit. Requires the Oregon Department of Energy to provide information to DOR about all taxpayers that are eligible for the tax credit, if required. Applies to tax years beginning on or after January 1, 2026, and to eligible generation facilities first placed in service on or after January 1, 2026, and before January 1, 2032. Takes effect on the 91st day following adjournment sine die.

- *FISCAL: May have fiscal impact, but no statement issued yet*
- *REVENUE: May have revenue impact, but no statement issued yet*

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

A tax credit is a reduction in the amount of taxes owed to the State of Oregon, which may include both income and excise taxes owed by individuals and corporations. Tax credits are also considered "tax expenditures" because they represent foregone revenue by the state, essentially an expenditure, enacted to achieve a policy objective. Oregon law provides for several types of tax credits that are designed to incentivize certain behavior or alleviate pressures faced by taxpayers. Certain tax credits may be refundable, meaning that the amount refunded to the taxpayer may exceed the amount of taxes paid to the state, resulting in a net benefit to the taxpayer.

According to the Oregon Department of Revenue, corporations doing business in Oregon must file one of two corporate tax returns: an excise tax return if they do business in Oregon, or an income tax return if not doing business in Oregon, but they have income from an Oregon source. Corporations can use tax credits to reduce its Oregon tax liability.